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MARYLAND ASPHALT ASSOCIATION



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February 8th, 2023

Senator Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West, Miller Senate Office Building
Annapolis, MD 21401

RE: Senate Bill 261 – UNFAVORABLE – Motor Fuel Tax Rates – Consumer Price Index Adjustment – Repeal

Dear Chair Guzzone and Members of the Budget and Taxation Committee:

The Maryland Asphalt Association (MAA) is comprised of 18 producer members representing more than 47 production facilities, 24 contractor members, 24 consulting engineer firms and 41 other associate members. MAA works proactively with regulatory agencies to represent the interests of the asphalt industry both in the writing and interpretation of state and federal regulations that may affect our members. We also advocate for adequate state and federal funding for Maryland's multimodal transportation system.

Senate Bill 261 would stop all future automatic increases to Maryland's motor fuel tax rates by decoupling those rates from the Consumer Price Index for all urban consumers, one of the most common metrics to measure inflation. This tether was codified by the Transportation Infrastructure Investment Act of 2013, which also increased Maryland's motor fuel tax rates for the first time since 1992. Since its enactment, this inflationary provision has generated an additional \$15-20 million annually for the Transportation Trust Fund ("TTF") over the prior year. Realizing consistent revenue increases for the TTF is integral to maintaining the spending power of the Maryland Department of Transportation's ("MDOT's") capital program, as any decrease in TTF revenues would jeopardize MDOT's capacity to issue Consolidated Transportation Bonds due to their debt service requirements, as well as any future proposed projects within other transportation modals. The needs of our State are critical, and we cannot afford to impose more constraints on a region that is struggling with massive deficiencies in its transportation infrastructure network.

We appreciate you taking the time to address this important issue, and we urge an unfavorable report on Senate Bill 261.

Sincerely,

Marshall Klinefelter
President
Maryland Asphalt Association